



30 July 2007

Joel Farina
Adviser, Issuers (Sydney)
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Sydney NSW 2000

Mint Wireless Limited
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Dear Joel

RE: Mint Wireless Limited

We refer to your letter dated 26 July 2007.

Pursuant to condition 2.2.4, we attach the Independent Accountant's Report (Report) as extracted from the updated from the Replacement Prospectus (Prospectus). The Report contains the reviewed financial statements for period ending 31 March 2007.

Please note however that the pro-forma accounts contained within the Report were based on the receipt of the minimum subscription under the Prospectus (being \$8,000,000). Pursuant to condition 2.2.5, we will release by separate announcement the updated pro-forma balance sheet based on funds actually raised under the Prospectus (\$8,700,000).

Yours sincerely

A handwritten signature in black ink, appearing to read "Janine Rolfe". The signature is fluid and cursive, written over a light blue horizontal line.

Janine Rolfe
Company Secretary

go places

A decorative graphic at the bottom of the page consisting of three curved lines in black, blue, and grey, sweeping across the width of the page.



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12 June 2007

To the Board of Directors

Mint Wireless Limited

91-95 Victoria Road

Rozelle NSW 2039

Dear Sirs,

1. Introduction

We have prepared this Investigating Accountant's Report ("Report") on historical financial information of Mint Wireless Limited ("Mint" or "the Company") for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 40,000,000 Mint shares at an issue price of \$0.20 each, to raise up to \$8 million before costs ("The Offer"). The Offer allows for oversubscriptions of up to 10 million shares.

Expressions defined in the Prospectus have the same meaning in this Report.

2. Basis of Preparation

This Report has been prepared to provide investors with information on the Income Statement, Statement of Changes in Equity, Balance Sheet and pro-forma Balance Sheet and accompanying notes as noted in Appendices 1, 2, 3 and 4. This Report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment, and has been prepared based on the complete Offer being achieved. Pitcher Partners (WA) Pty Ltd ("Pitcher Partners") has not been requested to consider the prospects for the Company, the shares on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly has not done so, and does not purport to do so. Pitcher Partners accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in the Prospectus.

3. Background

The Company was incorporated on 4 October 2006 as Arrowhead Group Limited, and is a public company for the purposes of the Corporations Act.

On 4 November 2006, the Company acquired 100% of the share capital of Mint (Aust) Pty Ltd, its subsidiary Mint Trading Pty Ltd and Mobile Content Management Pty Ltd. The activities of these companies are described in Section 3 of this Prospectus. On 16 November 2006, the Company changed its name to Mint Wireless Limited.

4. Scope of Review

Pitcher Partners has been requested to prepare an Investigating Accountant's Report covering the following financial information:

- the Company's Balance Sheet and Statement of Changes in Equity as at 31 March 2007;
- the pro-forma balance sheet as at 31 March 2007 reflecting the actual position as at that date, any major transactions between that date and the date of our Report and the proposed capital raising under the Prospectus; and
- the accounting policies applied by Mint in preparing this financial information.

The historical financial information set out in the appendices to this Report has been extracted from the financial statements of the Company for the period ended 31 March 2007.





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The Directors are responsible for the preparation of the historical financial information including determination of the adjustments. We have conducted our review of the historical financial information in accordance with the Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents pertaining to balances in existence at 31 March 2007;
- a review of the assumptions used to compile the pro-forma Balance Sheet;
- a review of the adjustments made to the pro-forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirement in Australia, and the accounting policies adopted by the Company disclosed in the appendices to this Report; and
- enquiry of Directors and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review was limited primarily to an examination of the historical financial information, the pro-forma financial information, analytical review procedures and discussions with both management and directors. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or pro-forma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- the going concern basis of accounting has been adopted.

5. Conclusion

Statement on Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this Report does not present fairly the Company's financial performance for the period ended 31 March 2007 or the financial position as at 31 March 2007 in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia.

Statement on Pro-forma Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the pro-forma financial information does not present fairly the financial position of the Company as at 31 March 2007, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions had occurred on that date.

6. Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.





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7. Assumptions Adopted in Compiling the Pro-forma Balance Sheet

The pro-forma balance sheet assuming completion of the Offer is shown in Appendix 2. This has been prepared based on the reviewed financial statements as at 31 March 2007 and the transactions and events relating to the issue of shares under this Prospectus:

- the issue of 40,000,000 shares at 20 cents per share pursuant to this Prospectus to raise \$8,000,000 ("Capital Raising");
- the payment and recognition directly in equity of costs incurred by the Company in relation to the Capital Raising estimated to be \$700,000; and
- the repayment of loan amounts owed by the Company to related parties of directors of \$900,268.

No expense has been recognised in respect of the grant of options under the Mint Wireless Employee Option Plan on 22 May 2007 as disclosed in Section 10.2 of this Prospectus as the number of Options deemed to have vested as at the date of this Report is not significant and the associated expense is not considered material.

Save for the matters described above, no adjustment has been made for events or transactions that have taken place since 31 March 2007.

8. Disclosures

Pitcher Partners (WA) Pty Ltd is the licensed corporate advisory arm of Pitcher Partners in Perth, and is wholly owned by the partners of that firm.

Neither Pitcher Partners (WA) Pty Ltd nor Pitcher Partners, nor any partner or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent for the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

PITCHER PARTNERS (WA) Pty Ltd



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Appendix 1 – Consolidated Income Statement

4 OCTOBER 2006 TO 31 MARCH 2007

(\$)

CONSOLIDATED

| | |
|---|--------------------|
| Revenue from ordinary activities | 652,910 |
| Total revenue | 652,910 |
| Total expenses | (1,639,237) |
| Loss from ordinary activities before income tax expense | (986,327) |
| Income tax expense relating to ordinary activities | - |
| Loss from ordinary activities after income tax expense attributable to members | (986,327) |

The Income Statement is to be read in conjunction with the notes set out in Appendix 4.



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Appendix 2 – Consolidated Balance Sheet

| | NOTES | 31 MARCH 2007 (\$) CONSOLIDATED | PRO-FORMA ADJUSTMENTS (\$) CONSOLIDATED | PRO-FORMA (\$) CONSOLIDATED |
|---------------------------------|-------|---------------------------------------|--|-----------------------------------|
| Current assets | | | | |
| Cash and cash equivalents | 2 | 1,134,912 | 6,399,732 | 7,534,644 |
| Accounts receivable | | 363,787 | – | 363,787 |
| Inventory | | 424,040 | – | 424,040 |
| Others | | 41,581 | – | 41,581 |
| Total current assets | | 1,964,320 | 6,399,732 | 8,364,052 |
| Non-current assets | | | | |
| IT development | 3 | 2,250,758 | – | 2,250,758 |
| Property, plant and equipment | | 167,266 | – | 167,266 |
| Total non-current assets | | 2,418,024 | – | 2,418,024 |
| Total Assets | | 4,382,344 | 6,399,732 | 10,782,076 |



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Appendix 2 – Consolidated Balance Sheet (Cont.)

| | | | | |
|--------------------------------------|---|------------------|------------------|-------------------|
| Current liabilities | | | | |
| Accounts payable | | 494,974 | – | 494,974 |
| Secured borrowings | | 115,249 | – | 115,249 |
| Loans from Director-related entities | 4 | 900,268 | (900,268) | – |
| Others | | 7,180 | – | 7,180 |
| Total current liabilities | | 1,517,671 | (900,268) | 617,403 |
| Total Liabilities | | 1,517,671 | (900,268) | 617,403 |
| Net Assets | | 2,864,673 | 7,300,000 | 10,164,673 |
| Equity | | | | |
| Share capital | 5 | 3,851,000 | 7,300,000 | 11,151,000 |
| Current period losses | | (986,327) | – | (986,327) |
| Total Equity | | 2,864,673 | 7,300,000 | 10,164,673 |

The pro-forma Balance Sheet after issue is as per the Balance Sheet before issue adjusted for the transactions set out in Section 5 of this Report. The Balance Sheet is to be read in conjunction with the notes set out in Appendix 4.

\$2,143,178 of this balance is a fair value adjustment arising as a result of a Business Combination which occurred during the year. Further detail on the calculation of this amount and the basis upon which it has been apportioned to this asset is set out in Note 6.



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Appendix 3 – Consolidated Statement of Changes in Equity

| | 4 OCTOBER 2006 TO 31 MARCH 2007 (\$) CONSOLIDATED | PRO-FORMA ADJUSTMENT (\$) CONSOLIDATED | PRO-FORMA (\$) CONSOLIDATED |
|---|--|---|-----------------------------------|
| Total equity at the beginning of the period | - | - | - |
| Loss for the period | (986,327) | - | (986,327) |
| Total recognised for the period | (986,327) | - | (986,327) |
| Transactions with equity holders in their capacity as equity holders | | | |
| Contributions of equity, net of transaction costs | 3,851,000 | 7,300,000 | 11,151,000 |
| Total equity | 2,864,673 | 7,300,000 | 10,164,673 |

The pro-forma Statement of Changes in Equity after issue is as per the Statement of Changes in Equity before issue adjusted for the transactions set out in Section 5 of this Report. The Statement of Changes in Equity is to be read in conjunction with the notes set out in Appendix 4.



Appendix 4 – Notes to the Financial Statements for the Period Ending 31 March 2007

Note 1

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the historical and pro-forma financial information reported under Australian Equivalents to International Financial Reporting Standards (“A-IFRS”) are set out below.

Basis of preparation

The financial information has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group, Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being the company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 127 “Consolidated and Separate Financial Statements”. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition. The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Basis of preparation of pro-forma financial information

The pro-forma consolidated balance sheet of the Consolidated Entity has been prepared for illustrative purposes only to show the effect of the transactions set out below.

The pro-forma, because of its nature, may not give a true picture of the financial position of the Consolidated Entity. It is based on the historical financial information as contained in this Prospectus and adjusted as if the following transactions had taken place as at 31 March 2007:

- the issue of 40,000,000 shares at 20 cents per share pursuant to this Prospectus to raise \$8,000,000 (“Capital Raising”);
- the payment and recognition directly in equity of costs incurred by the Company in relation to the Capital Raising estimated to be \$700,000; and
- the repayment of loan amounts owed by the Company to related parties of directors of \$900,268.

Save for the matters described above, no adjustment has been made for events or transactions that have taken place since 31 March 2007.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(b) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and these benefits can be measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the



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remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined contribution superannuation plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(c) Financial Assets

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(e) Foreign currency

Functional currency

The functional and presentation currency of the Company is Australian dollars (A\$).

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise.

(f) Good and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in



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order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited





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directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and all its wholly-owned Australian resident entities have not yet made a decision to form a tax-consolidated group under Australian taxation law.

(i) Intangible assets

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably. Amortisation is charged on a straight line basis over their expected useful lives of 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Patents, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(j) Inventories

Inventories are valued at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(k) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Property, plant and equipment

Plant and equipment and fixtures & fittings are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.



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Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

| | |
|-----------------------|------------|
| Fixtures and fittings | 5 years |
| Plant and equipment | 5–15 years |

(m) Revenue recognition

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Software licence fees

Revenue from the sale of software licences is recognised on an accruals basis in accordance with the substance of the relevant agreement.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(n) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.



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Note 2 – Cash

| | 31 MARCH 2007 (\$) CONSOLIDATED | PRO-FORMA (\$) CONSOLIDATED |
|---|---------------------------------------|-----------------------------------|
| Cash at bank | 1,134,912 | 7,534,644 |
| Adjustments arising in the preparation of the pro-forma cash balance are summarised as follows: | | |
| Reviewed balance at 31 March 2007 | | 1,134,912 |
| Proceeds from shares issued under this Prospectus | | 8,000,000 |
| Share issue costs | | (700,000) |
| Repayment of Loans from Director-related entities | | (900,268) |
| Proforma Balance | | 7,534,644 |

Note 3 – IT development

IT development relates to the Mint Portable Payment System. The balance of \$2,250,758 as at 31 March 2007 is made up as follows:

| | (\$) |
|---|------------------|
| Purchased upon acquisition of Mint (Aust) Pty Ltd at fair value (refer to Note 6) | 2,264,177 (i) |
| Expenditure subsequently capitalised | 191,195 (ii) |
| Amortisation to 31 March 2007 | (204,614) (iii) |
| | 2,250,758 |



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The Company's accounting policy relating to:

- (i) Intangible assets acquired in a business combination;
- (ii) Capitalised research and development costs; and
- (iii) Amortisation

is disclosed in Note 1 (i)

Note 4 – Loans from Director-related Entities

| | |
|---------------------|-----------|
| As at 31 March 2007 | 900,268 |
| Repayment | (900,268) |
| Pro forma balance | – |

Note 5 – Share Capital

| | NUMBER OF SHARES | (\$) |
|---|------------------|------------|
| As at 31 March 2007 | 132,437,500 | 3,851,000 |
| 40,000,000 shares at 20c each issued pursuant to the Prospectus | 40,000,000 | 8,000,000 |
| Share issue expenses | – | (700,000) |
| Pro forma balance | 172,437,500 | 11,151,000 |

The effect of oversubscriptions has not been reflected in the Pro-forma adjustments. Should the maximum amount of oversubscriptions allowed under the Offer be accepted, the effect will be to increase share capital by 10,000,000 shares and to increase consolidated net assets by \$2,000,000 before associated costs of issue.



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Note 6 – Business Combinations

As noted elsewhere in this Report and the Prospectus, on 4 November 2006 the Company acquired 100% of the share capital of Mint (Aust) Pty Ltd, its subsidiary Mint Trading Pty Ltd and Mobile Content Management Pty Ltd.

The acquired businesses contributed revenue of \$651,859 and net losses of \$731,835 to the net loss of the Consolidated Entity for the period.

Details of the purchase consideration and assets and liabilities acquired are as follows:

| PURCHASE CONSIDERATION | | (\$) |
|---|--|-----------|
| Fair Value of Shares Issued* | | 1,000,000 |
| Total Purchase Consideration | | 1,000,000 |
| Net liabilities acquired | | 1,143,178 |
| Fair Value uplift to be applied to identifiable intangible assets acquired (Mint Mobile Payment System) | | 2,143,178 |

*100,000,000 shares were issued as consideration for the acquired businesses at a deemed fair value of 1 cent per share. The deemed fair value of 1 cent per share was calculated by reference to the market value of the Company's shares at that time based on arms-length transactions close to the date of the issue as no published price existed at that time.



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| ASSETS & LIABILITIES ACQUIRED | AT BOOK VALUE (\$) | FAIR VALUE ADJUSTMENT (\$) | FAIR VALUE UPON ACQUISITION (\$) |
|-------------------------------------|-----------------------|----------------------------------|---|
| Current assets | | | |
| Cash and cash equivalents | 32,586 | – | 32,586 |
| Trade and other receivables | 224,260 | – | 224,260 |
| Inventories | 430,911 | – | 430,911 |
| Non-current assets | | | |
| Property, plant & equipment | 124,462 | – | 124,462 |
| IT development | 120,999 | 2,143,178 | 2,264,177 |
| Current liabilities | | | |
| Trade and other creditors | (717,272) | – | (717,272) |
| Non-current liabilities | | | |
| Loan from Director-related entities | (1,359,124) | – | (1,359,124) |
| | (1,143,178) | 2,143,178 | 1,000,000 |

Related Party Disclosures

Transactions with Related Parties and Directors Interests are disclosed in Sections 7.3.1, 7.3.6, 7.3.8, 7.3.9 and 8.3 of the Prospectus.

Commitments and Contingencies

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

**As at the date of the business combination, the Directors have determined that only one unrecognised intangible asset which met the criteria for recognition under AASB 138 was identifiable. This intangible is the IT development asset represented by the software and business processes





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associated with the Mint Portable Payment System (as described more fully in Section 3.1 of the Prospectus). The Board also at that time considered the book value of the other assets and liabilities of the Mint Businesses, concluded that their book value approximated their fair value and that no adjustment to their carrying value was required. In arriving at the decision to allocate all of the Fair Value uplift on acquisition to the IT development assets, the Directors reviewed a range of potential valuations for the IT Department asset based on expected future cash flows under a variety of different scenarios. This range of valuations supported their conclusion that the value of the IT development assets was not less than the amount of \$2,264,177 calculated by apportioning 100% of the Fair Value uplift arising on acquisition to the IT Development asset.

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